



Highlights of [GAO-06-125](#), a report to congressional committees

Why GAO Did This Study

In 2004, the Navy completed a study of how many selected reserve personnel are needed to support the active force in meeting current and future mission requirements. The Ronald W. Reagan National Defense Authorization Act for 2005 mandated that GAO assess several aspects of the Navy's study. This report addresses (1) the criteria and process the Navy used to conduct the review and what limitations affected the Navy's analyses and implementation plan; and (2) how the recommendations from the review will affect the reserve's personnel, funding, and command and control relationship with the active force.

What GAO Recommends

To ensure that ongoing and future reserve personnel analyses consider cost-effectiveness in determining the mix of active and reserve personnel and are based on up-to-date data, GAO recommends that the Secretary of Defense direct the Secretary of the Navy to

- establish guidance to ensure that ongoing and future workforce reviews include an analysis of cost-effectiveness and that such analysis is documented and
- allocate the required resources to maintain current Navy mission documents that would provide a valid baseline for ongoing and future workforce reviews.

In written comments, the Department of Defense concurred with the recommendations. www.gao.gov/cgi-bin/getrpt?GAO-06-125.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Janet St. Laurent at (202) 512-4402 or stlaurentj@gao.gov.

FORCE STRUCTURE

Assessments of Navy Reserve Manpower Requirements Need to Consider the Most Cost-effective Mix of Active and Reserve Manpower to Meet Mission Needs

What GAO Found

In conducting its review of Selected Reserve personnel requirements, the Navy established criteria and followed a structured process, but GAO noted two limitations that could have potentially affected the quality of the results. The Navy did not analyze the most cost-effective mix of active and reserve personnel and in some cases used outdated mission documents as the baseline for analysis. The Department of Defense personnel directive states that missions should be accomplished using the least costly mix of personnel. In addition, GAO's prior work has shown that when reserve forces can successfully meet deployment and operational requirements, they can perform missions for less cost than active forces, and that decisions about the number of personnel needed to perform government functions should be driven by valid and reliable data. The 10 activities' justification packages GAO reviewed did not indicate if or how commanders evaluated the cost-effectiveness of using active or reserve personnel. A key reason why cost-effectiveness was not evaluated is that the Fleet Forces Command provided no guidance requiring that such an analysis be conducted or submitted as part of the activities' justification packages. Additionally, because the Navy had not devoted the resources to update some of its baseline mission documents prior to the start of the review, some of the activities' analyses did not start with the best possible data, which may have resulted in inaccuracies in their determinations about capabilities and personnel requirements. Including cost-effectiveness in the criteria for the zero-based review and documenting such analyses, as well as ensuring data accuracy, could have better demonstrated a sound basis for the recommended personnel changes and, in some cases, may have led to different recommendations.

The review's recommendations will result in a change in the force mix, some cost savings, and the active force assuming greater command and control over reserve forces. The Chief of Naval Operations approved personnel changes that would result in a net reduction of over 16,000 reserve positions, a net increase of about 880 positions in the active force, and a net increase of about 450 civilian personnel positions. The reasons for these recommended changes varied by activity. The Fleet Forces Command also initially estimated that the Navy could save approximately \$283.5 million annually by implementing the personnel recommendations, although this estimate is changing as some activities reexamine their personnel requirements using more recent data. In addition to total force personnel changes, the active force is assuming greater command and control responsibility for the reserve force. For example, the active force is now responsible for the training and readiness of the reserve forces and is receiving their status reports. This realignment of responsibility is consistent with the Chief of Naval Operation's expectations for creating a more integrated total force.